

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 MARC SPITZER, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 MIKE GLEASON
 KRISTIN K. MAYES

7 In the matter of:

) Docket No. S-03541A-03-0000

8 WORLDWIDE FOREX, INC.
9 Steven Labell, Registered Agent
 700 North Hiatus Road, Suite 203
 Pembroke Pines, Florida 33026

) **TEMPORARY ORDER TO CEASE AND
) DESIST AND NOTICE OF
) OPPORTUNITY FOR HEARING**

10 UNIVERSAL FX, INCORPORATED
11 Darren C. Blum, P.A., Registered Agent
 8751 West Broward Boulevard
 Plantation, Florida 33324

12 DAVID BRIDGES
13 c/o WORLDWIDE FOREX
14 700 North Hiatus Road, Suite 203
 Pembroke Pines, Florida 33026

15 Respondents.
16 _____

17 **NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY**

18 **EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING**

19 **EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

20 The Securities Division (“Division”) of the Arizona Corporation Commission
21 (“Commission”) alleges that respondents WORLDWIDE FOREX, INC. (“WORLDWIDE”),
22 UNIVERSAL FX, INCORPORATED (“UFX”), and DAVID BRIDGES (“BRIDGES”)
23 (collectively “RESPONDENTS”) have engaged in or are about to engage in acts and practices
24 that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act (“Securities Act”),
25 and that the public welfare requires immediate action.

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I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENTS

2. Respondent WORLDWIDE is a Florida corporation whose business address is 700 North Hiatus Road, Suite 203, Pembroke Pines, Florida 33026. WORLDWIDE is not registered as a futures merchant with the National Futures Association (“NFA”), the approved self-regulatory entity for traders in commodities. WORLDWIDE is not authorized to conduct business in Arizona as a foreign corporation, and WORLDWIDE is not registered with the Division as a securities dealer or salesperson.

3. Respondent UFX is a Florida corporation whose business address is 3467 N.E. 163rd Street, North Miami Beach, Florida 33160. The address of its registered agent for service of process is Darren C. Blum, P.A., 8751 West Broward Boulevard, Plantation, Florida 33324. UFX is not authorized to conduct business in Arizona as a foreign corporation, and UFX is not registered with the Division as a securities dealer or salesperson. UFX since April 10, 2003 has been, and currently is, an NFA-approved principal of UTS WORLD INCORPORATED (“UTS”). UTS is a registered member firm with the NFA.

4. Respondent BRIDGES is an individual and an employee and/or agent of WORLDWIDE. BRIDGES is not registered as a futures merchant with the NFA. BRIDGES is not registered with the Division as a securities dealer or salesperson.

III.

FACTS

5. On or about July 2, 2003, BRIDGES, acting for and on behalf of WORLDWIDE and UFX, contacted an employee of the Division, a resident of Arizona, and offered to sell to that

1 individual an investment in foreign currency investment contracts.

2 6. On or about July 2, 2003, BRIDGES sent via facsimile to this Division employee
3 various documents purportedly necessary to enable the Division employee to open an account for
4 investment in foreign currency trading through WORLDWIDE.

5 7. BRIDGES represented WORLDWIDE as the “introducing broker” for the
6 transaction(s) offered, despite the fact that WORLDWIDE is not registered to sell securities within
7 or from Arizona, nor is it registered with the NFA as a commodities merchant.

8 8. RESPONDENTS failed to provide complete and accurate information regarding the
9 proposed transaction(s), including the following misstatements and/or omissions:

10 a) RESPONDENTS failed to disclose that RESPONDENTS are not and were
11 not registered to sell securities within or from Arizona;

12 b) RESPONDENTS failed to disclose that neither WORLDWIDE nor
13 BRIDGES was registered with the NFA to engage in commodities futures transactions;

14 c) RESPONDENTS failed to disclose that the investment contracts in question
15 were not registered for sale as securities in Arizona;

16 d) RESPONDENTS provided only partial documentation regarding account
17 opening, but nevertheless represented that the documents provided were the only
18 documents necessary to open a currency trading account; and

19 e) RESPONDENTS failed to disclose the possible consequences of failure of
20 the RESPONDENTS or the investment contracts in question to submit to regulation.

21 **IV.**

22 **VIOLATION OF A.R.S. § 44-1841**

23 **(Offer and Sale of Unregistered Securities)**

24 9. From on or about July 2, 2003, RESPONDENTS offered or sold securities in the
25 form of commodity investment contracts in foreign currency, within or from Arizona.

26 10. The securities referred to above were not registered pursuant to Articles 6 or 7 of the

Securities Act.

11. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

12. RESPONDENTS offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

13. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

14. In connection with the offer or sale of securities within or from Arizona, RESPONDENTS directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. RESPONDENTS' conduct includes, but is not limited to, the following:

a) RESPONDENTS failed to disclose that RESPONDENTS are not and were not registered to sell securities within or from Arizona;

b) RESPONDENTS failed to disclose that neither WORLDWIDE nor BRIDGES was registered with the NFA to engage in commodities futures transactions;

c) RESPONDENTS failed to disclose that the investment contracts in question were not registered for sale as securities in Arizona;

d) RESPONDENTS provided only partial documentation regarding account opening, but nevertheless represented that the documents provided were the only

documents necessary to open a currency trading account; and

e) RESPONDENTS failed to disclose the possible consequences of failure of the RESPONDENTS or the investment contracts in question to submit to regulation.

15. This conduct violates A.R.S. § 44-1991.

VII.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Division has determined that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. §§ 44-2032 and A.A.C. R14-4-307, that RESPONDENTS, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with them CEASE AND DESIST from any violations of the Securities Act.

IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in effect for 180 days unless sooner vacated, modified or made permanent by the Commission.

IT IS FURTHER ORDERED that this Order shall be effective immediately.

XIII.

REQUESTED RELIEF

The Division will request that the Commission grant the following relief:

1. Order RESPONDENTS to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order RESPONDENTS to take affirmative action to correct the conditions resulting from its acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036; and

4. Order any other relief that the Commission deems appropriate.

XIV.

HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. §44-1972 and A.A.C. Rule 14-4-307. **If any Respondent requests a hearing, the respondent must also answer this Temporary Order and Notice.** A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order to Cease and Desist. Each RESPONDENT must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must also be filed with the request for hearing. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered.** After a hearing, the Commission may vacate, modify or make permanent this Temporary Order, with written findings of fact and conclusions of law. A permanent Order may include ordering restitution, assessing administrative penalties or other action.

If a request for hearing is not timely made, the Division will request that the Commission make permanent this Temporary Order, with written findings of fact and conclusions of law, which may include ordering restitution, assessing administrative penalties or other relief.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shelly M. Hood, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the

1 accommodation.

2 **XV.**

3 **ANSWER REQUIREMENT**

4 Pursuant to A.A.C. R14-4-305, if any RESPONDENT requests a hearing, each such
5 RESPONDENT must deliver or mail an Answer to this Temporary Order and Notice to Docket
6 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within
7 30 calendar days after the date of service of this Temporary Order to Cease and Desist and Notice
8 of Opportunity for Hearing. A Docket Control cover sheet must accompany the Answer. A cover
9 sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on
10 the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

11 Additionally, each such RESPONDENT must serve the Answer upon the Division.
12 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
13 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
14 Arizona, 85007, addressed to Kathleen Coughenour DeLaRosa.

15 The Answer shall contain an admission or denial of each allegation in this Temporary
16 Order and Notice and the original signature of each RESPONDENT or RESPONDENT's attorney.
17 A statement of a lack of sufficient knowledge or information shall be considered a denial of an
18 allegation. An allegation not denied shall be considered admitted.

19 When any RESPONDENT intends in good faith to deny only a part or a qualification of an
20 allegation, that RESPONDENT shall specify that part or qualification of the allegation and shall
21 admit the remainder. Each RESPONDENT waives any affirmative defense not raised in the
22 answer.

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BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 27 day of October, 2003.

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